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August 31, 2006

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## **TWO PHOENIX MEN INDICTED IN COMPLEX ID THEFT**

PHOENIX - A federal grand jury in Phoenix, Arizona returned a 60 count indictment against James J. Rose, 45, of Phoenix, Arizona for violations which included Fraudulent Use of Identification Documents, Use of Counterfeit Access Devices, Mail Fraud, Wire Fraud, Conspiracy to Commit Money Laundering, Promotional Money Laundering, Concealment and Disguise of Source of Funds, Monetary Transactions in Excess of \$ 10,000 and False Statements on Loan and Credit Applications. Malcolm D. Newton, 47, of Maricopa, Arizona was also indicted on 17 counts of Conspiracy to Commit Money Laundering, Promotional Money Laundering, Concealment and Disguise of Source of Funds and False Statements on Loan and Credit applications.

U.S. Attorney Paul K. Charlton said, "Identity theft is one of the most challenging and perplexing issues of the Information Age, because any one of us could find ourselves a victim of this offense. The cost in time and money to rectify the damage caused by identity thieves can be extraordinary. This indictment reflects an aggressive attempt to obtain hundreds of false identities, with enormous consequences for unknowing citizens."

The indictment alleges that Rose was the organizer and leader of the scheme to defraud. During the early 1990's Rose owned a credit reporting company in California called American Mortgage Services, Inc. (AMS). Mortgage brokers used the services of AMS to obtain credit reports for their customers. Rose retained credit reports, or copies of credit reports over the years. Rose subsequently used social security numbers contained in these credit reports to establish fictitious identities. The indictment alleges Newton assisted Rose in executing the scheme to defraud after Newton moved to Arizona in 2001 to work with Rose. The indictment further alleges that Rose with the help of others established credit histories for the fictitious persons by creating false businesses to establish credit accounts for the fictitious persons and to establish an employment history. It is alleged that Rose then reported the fictitious person's credit histories to credit reporting bureaus Experian, TransUnion and Equifax. According to the indictment Rose applied for and obtained credit cards in the names of these fictitious persons utilizing this fabricated credit history. In all, the indictment indicates Rose used over 200 addresses in 14 states to aid in establishing credit histories, applying for credit cards in the mail, establishing merchant accounts and bank accounts. Allegedly Rose opened merchant and business bank accounts in the names of fictitious businesses and persons. Rose rented business suites and apartments in several states to give legitimacy to the fictitious businesses and persons. Rose then utilized these business accounts to pay the expenses of his operation, to conceal funds moving money between accounts, and ultimately to obtain money for his own use. By having a merchant bank account, Rose was able to obtain a credit card machine, which he would allegedly use to swipe fictitious individuals credit cards for fictitious purchases. The credit card issuer would then credit Rose's merchant account.

The indictment states Rose recruited other individuals to pick up mail, cash checks, set up phone lines, rent apartments, file and mail documents and apply for credit cards. In all Rose possessed over 800 social security numbers and used over 250 credit cards from approximately 15 issuing banks.

By withdrawing money from the merchant and business bank accounts that Rose allegedly established in the names of fictitious entities and persons, he obtained over \$ 760,000 through his credit card scheme.

A conviction for Fraudulent Use of Identification Documents carries a maximum penalty of 15 year(s), a \$250,000.00 fine or both. Use of Counterfeit Access Devices, carries a maximum penalty of 10 year(s), a \$250,000.00 fine or both. Mail Fraud, carries a maximum penalty of 5 year(s), a \$250,000.00 fine or both. Wire Fraud, carries a maximum penalty of 5 year(s), a \$250,000.00 fine or both. Conspiracy to Commit Money Laundering, carries a maximum penalty of 20 year(s), a 500,000.00 fine or both. Promotional Money Laundering Concealment and Disguise of Source of Funds, carries a maximum penalty of 20 year(s), a \$500,000.00 fine or both. And Monetary Transactions in Excess of \$ 10,000 carries a maximum penalty of 20 year(s), a \$500,000.00 fine or both.. In determining an actual sentence, the District Court Judge will consult the U.S. Sentencing Guidelines, which provide appropriate sentencing ranges. The judge, however, is not bound by those guidelines in determining a sentence.

An indictment is simply the method by which a person is charged with criminal activity and raises no inference of guilt. An individual is presumed innocent until competent evidence is presented to a jury that establishes guilt beyond a reasonable doubt.

The investigation preceding the indictment was conducted by special agents of the Criminal Investigation Division at the Internal Revenue Service. The prosecution is being handled by Michelle Hamilton-Burns, Assistant U.S. Attorney, District of Arizona, Phoenix, and Julie Halferty, Special Assistant U.S. Attorney, District of Arizona, Phoenix.

CASE NUMBER: CR-06-0787-PHX-JAT  
RELEASE NUMBER: 2006-170(Rose&Newton)

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